

AR79

Feb



THE **EQUITABLE LIFE** INSURANCE COMPANY  
OF CANADA

---

# **Annual Report 1968**

---

## DIRECTORS

M. J. SMITH*	<i>Honorary Chairman</i>
H. E. POWER,* F.C.I.S.	<i>Chairman of the Board and President</i>
W. J. McGIBBON,* Q.C.	<i>1st Vice-President</i>
C. N. WEBER*	<i>2nd Vice-President</i>

H. D. GREB	J. E. MOTZ
J. G. HAGEY, LL.D.	J. M. RIDDELL, Q.C.
P. R. HILBORN	J. W. SCOTT*
H. S. MORTON, O.B.E., F.R.C.S.	W. H. TIMMIS

\* Member of the Executive Committee

## OFFICERS

T. R. SUTTIE, F.I.A., F.C.I.A.	<i>Executive Vice-President</i>
G. R. BLAKE, F.L.M.I.	<i>Vice-President and Treasurer</i>
D. L. MACLEOD	<i>Vice-President and Director of Agencies</i>
H. I. MCINTOSH, F.S.A., F.C.I.A.	<i>Vice-President and Actuary</i>
R. A. SAUNDERS, F.S.A., F.C.I.A.	<i>Vice-President and Comptroller</i>
W. H. WAHL, F.C.I.S., F.L.M.I.	<i>Vice-President and Secretary</i>

L. J. HAMEL, F.L.M.I.	<i>Mortgage Secretary</i>
R. A. HOOPER	<i>Superintendent Group Sales</i>
D. M. LILLYCROP, C.L.U.	<i>Superintendent of Agencies</i>
R. NOBLE, A.A.C.I.	<i>Assistant Treasurer (Mortgages)</i>
N. W. PARKER	<i>Assistant Secretary</i>
W. H. PUGH, F.L.M.I.	<i>Assistant Secretary</i>
D. C. RAMSAY, F.L.M.I.	<i>Assistant Comptroller</i>
H. J. ROSE	<i>Superintendent of Agencies</i>
D. G. SEEBACH, F.L.M.I.	<i>Superintendent of Agencies</i>

McGIBBON, HARPER & HANEY	<i>Solicitors</i>
P. G. SCHWAGER, M.D.	<i>Medical Director</i>

# DIRECTORS' REPORT

TO THE POLICYOWNERS OF THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA

The year 1968 saw the attainment by the Company of business in force exceeding a Billion Dollars, a most important milestone in the Company's development.

**NEW POLICYOWNERS**—During the year 7,808 new policyowners and certificate holders joined those already associated with the Company, bringing the total to 92,200 and increasing the business in force to \$1,068,287,475, a gain of \$132,244,317 in the year.

**PAYMENTS TO POLICYOWNERS**—A total of \$6,646,894 was paid to policyowners and beneficiaries. This included policy dividends of \$958,522.

**PROTECTION FOR POLICYOWNERS**—Policy reserves were increased by \$3,721,620 in the year to bring the total to \$55,322,347. In addition the investment reserve was increased to \$2,000,000 and the surplus to \$3,859,953. The increase in these two items was \$846,615.

**REVENUE**—This totalled \$13,675,975, an increase in the year of \$1,093,573. The net rate of interest earned was 6.41% as compared to 6.18% in 1967.

**ASSETS**—These now amount to \$69,781,151, an increase of \$5,767,812 in the year.

**INVESTMENT RESERVE**—The Company has maintained consistently an Investment Reserve, quite apart from its surplus funds, as a protection against unusual fluctuation in asset values. The wisdom of this practice became very apparent in 1967 when bond yields rose to an unprecedented level, and was confirmed in 1968 when, after a temporary check, yields rose to an even higher level. This rapid rise in current interest rates, which will in the end benefit participating policyowners, had the immediate consequence of a reduction in the current market value of bonds purchased by the Company when interest rates were lower, despite the fact that the income from such bonds and their maturity values are not affected in any way.

As a result of this reduction, the book values of bonds and stocks as shown in the assets exceeded the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$840,000. This difference, which does not take advantage of the averaging formula permitted by the Act, is amply covered by the Investment Reserve of \$2,000,000. The Company will continue to add to this reserve to match the growth in assets.

**TAXATION**—The new taxation imposed on life insurance companies by the October 22, 1968 Budget will reduce the surplus becoming available in future years to add to the Investment Reserve and Unassigned Surplus and hence will restrict the rate of growth of these reserves, which provide additional security for our policyowners. It is fortunate that prudent management in the past built up these reserves to the present very satisfactory level.

**STAFF**—The Directors again wish to record their sincere appreciation of the efforts of the Head Office and Field staffs. The continued progress of the Company is a reflection of the effective contribution made by each individual.

On behalf of the Board

H. E. POWER, *Chairman of the Board  
and President*



## OUR PROGRESS AT A GLANCE

	1968	1967	1958
New Business —			
Life and Annuity . . . . .	\$ 53,787,046	\$ 51,090,086	\$ 27,359,829
Business in Force —			
Life and Annuity . . . . .	1,068,287,475	936,043,158	177,133,332
Income . . . . .	13,675,975	12,582,402	5,445,130
Assets . . . . .	69,781,151	64,013,339	34,788,696
Benefit Payments . . . . .	6,646,894	5,986,369	2,168,161
Investment Reserve and Unassigned Surplus . . . . .	5,859,953	5,013,338	2,044,750
Dividends to Policyowners . . .	958,522	859,837	338,256
Net Earned Interest Rate . . .	6.41%	6.18%	5.06%

*The Equitable Life of Canada is a mutual company  
owned entirely by its participating policyowners.*

## AUDITORS' REPORT TO THE POLICYOWNERS

We have examined the statement of assets, liabilities and surplus of the Equitable Life Insurance Company of Canada as at December 31, 1968, and the summary of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the policy reserves were determined and certified by the Company's actuary.

Based on our examination and the certificate of the Company's actuary, we report that, in our opinion, the accompanying statement of assets, liabilities and surplus and the related summary of operations present fairly the financial position of the Company as at December 31, 1968, and the results of its operations for the year ended on that date.

Waterloo, Ontario  
January 22, 1969.

CLARKSON, GORDON & CO.,  
*Chartered Accountants*

## ACTUARY'S CERTIFICATE

The Policy Reserves of \$55,322,347 shown in the statement of assets, liabilities and surplus at December 31, 1968, are in excess of the reserves required by Section 82 of the Canadian and British Insurance Companies Act, and, in my opinion, make a good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies.

January 22, 1969.

H. I. McINTOSH, F.S.A., F.C.I.A.,  
*Vice-President and Actuary*

# SUMMARY OF OPERATIONS

FOR YEAR ENDED DECEMBER 31

1968

1967

THE SOURCES OF INCOME WERE:

FOR COMPARISON

Premiums:

Insurance . . . . .	\$ 7,468,760	\$ 7,144,492
Annuity . . . . .	1,327,122	1,087,396
Health . . . . .	838,110	727,458
	<u>\$ 9,633,992</u>	<u>\$ 8,959,346</u>

Earnings from investments after investment expenses . . . . .

4,041,983	3,623,056
<u>\$13,675,975</u>	<u>\$12,582,402</u>

THIS INCOME WAS USED FOR:

Payments to policyowners and beneficiaries:

Death benefits . . . . .	\$ 2,321,843	\$ 1,912,861
Disability benefits . . . . .	7,510	7,880
Matured endowments and cash values . . . . .	1,931,167	1,926,928
Annuity and settlement option payments . . . . .	540,946	518,323
Interest on policyowners' funds . . . . .	267,661	233,082
Health Insurance benefits . . . . .	619,245	527,558

Additions to policy reserves to provide for future payments . . . . .

3,721,620	3,500,996
-----------	-----------

Operating expenses:

Compensation for sales and field service to policyowners . . . . .	1,005,793	952,621
Service to policyowners at Head Office and branches . . . . .	1,275,687	1,140,383
Premium and other taxes . . . . .	160,420	161,419
	<u>\$11,851,892</u>	<u>\$10,882,051</u>

Adjustment in asset values (net) . . . . .

(66,054)	177,161
----------	---------

Dividends to policyowners in year . . . . .

958,522	859,837
---------	---------

Decrease in Foreign Currency Reserve . . . . .

(5,000)

Increase in provision for next year's dividends to policyowners . . . . .

90,000	85,000
--------	--------

Increase in Investment Reserve . . . . .

400,000	200,000
---------	---------

Increase in Unassigned Surplus . . . . .

446,615	378,353
---------	---------

<u>\$13,675,975</u>	<u>\$12,582,402</u>
---------------------	---------------------

# STATEMENT OF - ASSETS

AT DECEMBER 31

THE COMPANY HAS THESE ASSETS TO MEET ITS  
OBLIGATIONS TO POLICYOWNERS:

**1968**

**1967**

FOR COMPARISON

BONDS . . . . .	<b>\$20,998,860</b>	\$19,632,302
STOCKS . . . . .	<b>1,227,456</b>	848,731
MORTGAGES . . . . .	<b>41,969,525</b>	39,133,187
REAL ESTATE . . . . .	<b>193,097</b>	155,977
Head Office property and land held for future Head Office		
LOANS TO POLICYOWNERS . . . . .	<b>3,380,420</b>	2,920,837
Fully secured by the cash value of policies of this Company		
CASH . . . . .	<b>211,383</b>	146,595
PREMIUMS IN COURSE OF COLLECTION . . . . .	<b>677,618</b>	259,578
Fully secured by policy reserves		
INTEREST ACCRUED . . . . .	<b>621,960</b>	546,157
Interest from last payment date to December 31 with no credit being taken for interest due and unpaid.		
ELECTRONIC DATA PROCESSING EQUIPMENT . . . . .	<b>192,946</b>	204,777
This equipment is valued at cost less amortization		
SEGREGATED INVESTMENT FUND . . . . .	<b>305,157</b>	151,920
Market value of the investments held in the fund		
OTHER ASSETS . . . . .	<b>2,729</b>	13,278

*Bonds and stocks are shown at amortized cost and cost respectively, less certain write-downs, but, in the aggregate, exceed the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$840,000 (not taking advantage of the averaging formula permitted by Section 71 (4) of the Act), against which the company carries an investment reserve of \$2,000,000.*

**\$69,781,151**

**\$64,013,339**

H. E. POWER, *Chairman of the Board  
and President*



## - LIABILITIES AND SURPLUS

AT DECEMBER 31

THE OBLIGATIONS OF THE COMPANY ARE:

	1968	1967 FOR COMPARISON
POLICY RESERVES . . . . .	\$55,322,347	\$51,600,727
This amount, with future premiums and interest earnings, provides for the payment of the benefits guaranteed by the Company's policies		
POLICYOWNERS' FUNDS . . . . .	5,714,400	5,119,204
Policy proceeds left on deposit, dividends left to accumulate, policy benefits in process of payment, premiums received in advance and other policyowners' funds		
POLICYOWNERS' DIVIDENDS . . . . .	1,085,000	995,000
Provision for dividends payable in 1969		
RESERVE FOR UNREPORTED CLAIMS . . . . .	375,964	225,268
An estimate of claims which may have occurred but have not yet been reported to the Company		
TAXES AND EXPENSES DUE AND ACCRUED . . . . .	127,626	98,756
The largest item is premium tax, payable in 1969, on 1968 premiums		
SHORT TERM BORROWINGS . . . . .	415,399	155,078
To take advantage of investment opportunities		
SEGREGATED INVESTMENT FUND . . . . .	305,157	151,920
Contracts under which the benefits are determined by the market value of the securities, the obligation therefore being equal to the market value as carried in the assets		
OTHER LIABILITIES . . . . .	575,305	654,048
Includes mortgagors' tax prepayments, contractual payments on EDP equipment due in future years		
Total obligations	\$63,921,198	\$59,000,001
INVESTMENT RESERVE . . . . .	2,000,000	1,600,000
Protection against fluctuation in the value of the assets		
UNASSIGNED SURPLUS . . . . .	3,859,953	3,413,338
This provides additional security for policyowners and their beneficiaries and additional earning power for policyowners' dividends in future years		
	<u>\$69,781,151</u>	<u>\$64,013,339</u>

T. R. SUTTIE, *Executive Vice-President*

---

## BRANCH OFFICES

---

*Branch                      Manager*

CALGARY

J. J. C. DICEY, C.L.U.

EDMONTON

F. A. CRICK, C.L.U.

GALT

R. N. CUNNINGHAM  
*Supervisor*

GUELPH

J. R. FARNWORTH

HAMILTON

M. E. WRIGHT, C.L.U.

KINGSTON

C. J. DOYLE, C.L.U.

KITCHENER

D. S. W. OGILVIE, C.L.U.

LONDON

W. J. ANDERSON

MONTREAL

S. P. WINTON

OSHAWA

K. H. QUINN  
*Supervisor*

OTTAWA

L. W. BUTLER, C.L.U.

REGINA

D. L. STEVENSON

ST. CATHARINES

P. W. ENGS, C.L.U.

*Group Office*

CALGARY

F. H. SCHNEIDER

*Branch                      Manager*

SARNIA

D. M. CHARLTON  
*Supervisor*

SASKATOON

G. J. COOMBS

TORONTO

Yorkdale Shopping Centre

C. WHALLEY

1250 S. Service Rd., Port Credit

M. E. GREGORY

2489 Bloor W.      55 Eglinton E.

VANCOUVER

779 Broadway

H. E. LALONDE

1033 Davie St.

R. R. GATZKE

1033 Davie St.

A. R. WATERMAN, C.L.U.  
*District Manager*

VICTORIA

NORTHWESTERN INSURANCE  
AGENCIES LTD.

WATERLOO

E. F. GOMAN, C.L.U.

WINDSOR

G. E. LAWTON

WINNIPEG

D. G. TAYLOR, C.L.U.

*Group Office*

WATERLOO

R. A. HOOPER

---

## MORTGAGE LOAN OFFICES

---

HAMILTON

R. NOBLE, A.A.C.I.  
*Manager*

LONDON

A. E. ELSMLIE  
*Manager*

OTTAWA

R. W. HILL  
*Manager*

TORONTO

W. KOMPA, S.R.A.  
*Representative*

WATERLOO

R. NOBLE, A.A.C.I.  
*Manager*

THE **EQUITABLE LIFE** INSURANCE COMPANY  
OF CANADA

HEAD OFFICE      -      WATERLOO, ONTARIO